

# Transit Oriented Development Committee Meeting

October 19, 2018

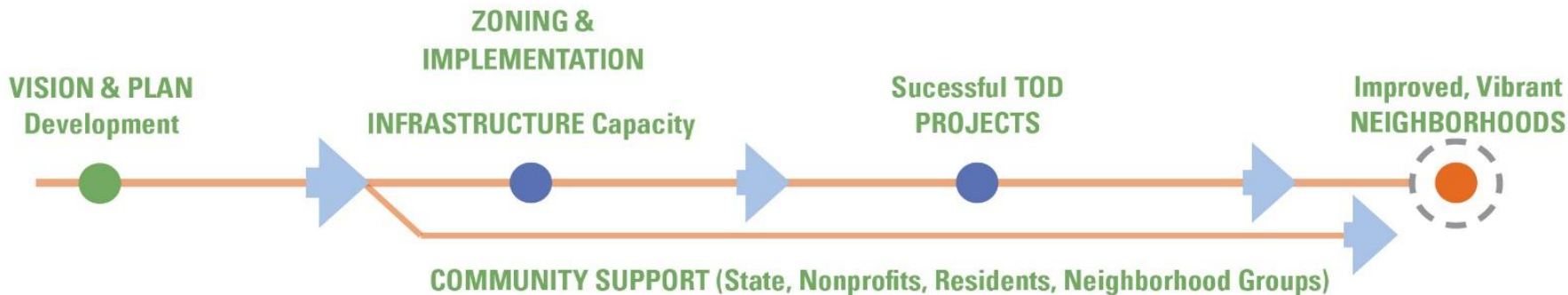


# Agenda

- Outline City TOD Program and Progress
- Present Summary of HART/City P3 TOD Analysis
  - Conducted in parallel with Rail P3 Feasibility Analysis (Spring 2018)
  - Real Estate Revenues Analysis
  - Ancillary Revenues Analysis
- Discuss near-term opportunities on HART properties
  - Consideration of TOD infrastructure or station tenant space with respect to upcoming City Center P3 RFP
- Discuss HART TOD Policy



# Honolulu's TOD Program



- High-density, mixed-use development near rail stations
- TOD planning/ community outreach
- Rezoning of lands around each station, with added height and density available
- Infrastructure, complete streets, finance tools and incentives
- Catalytic projects
- Affordable housing strategy and investments
- Mayor's TOD Subcabinet
- State Interagency TOD Council

# Honolulu's TOD Vision

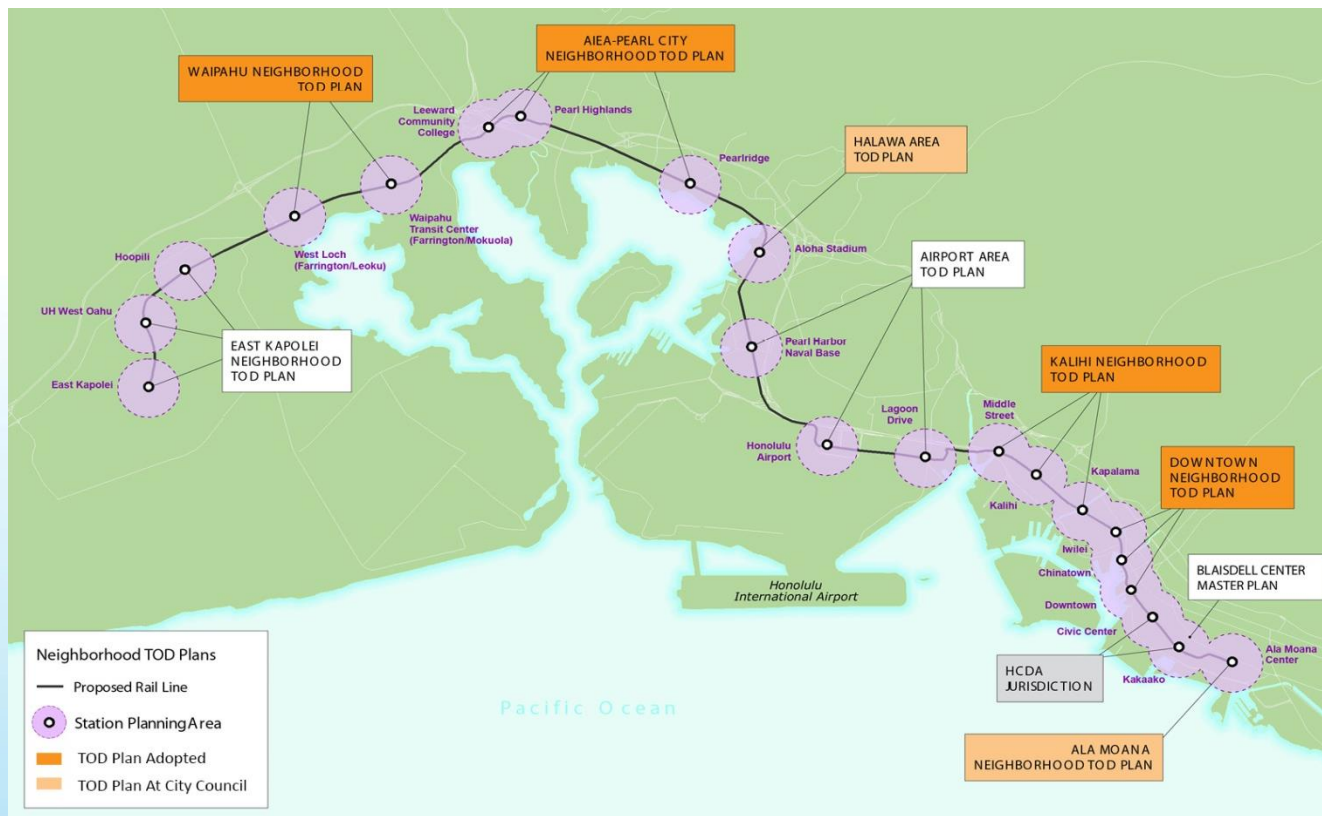
Create choices and a high-quality, healthy urban lifestyle

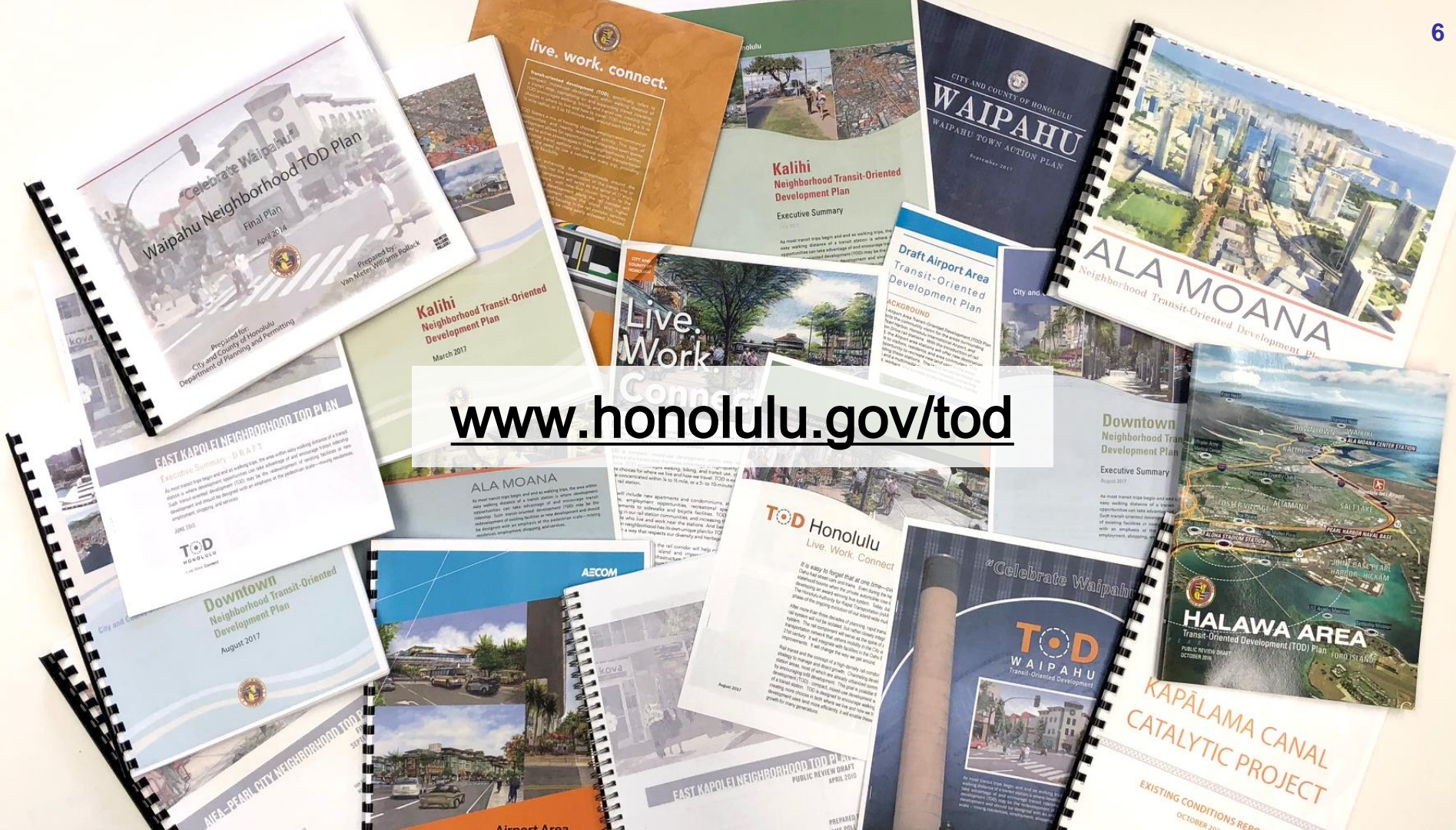
- Series of walkable, healthy, age-friendly neighborhoods
- Connect people with jobs, homes, goods, services & parks
- Station areas have their own unique identity
- Scale of new development fits community context
- Revitalize older communities





# Neighborhood TOD Plans





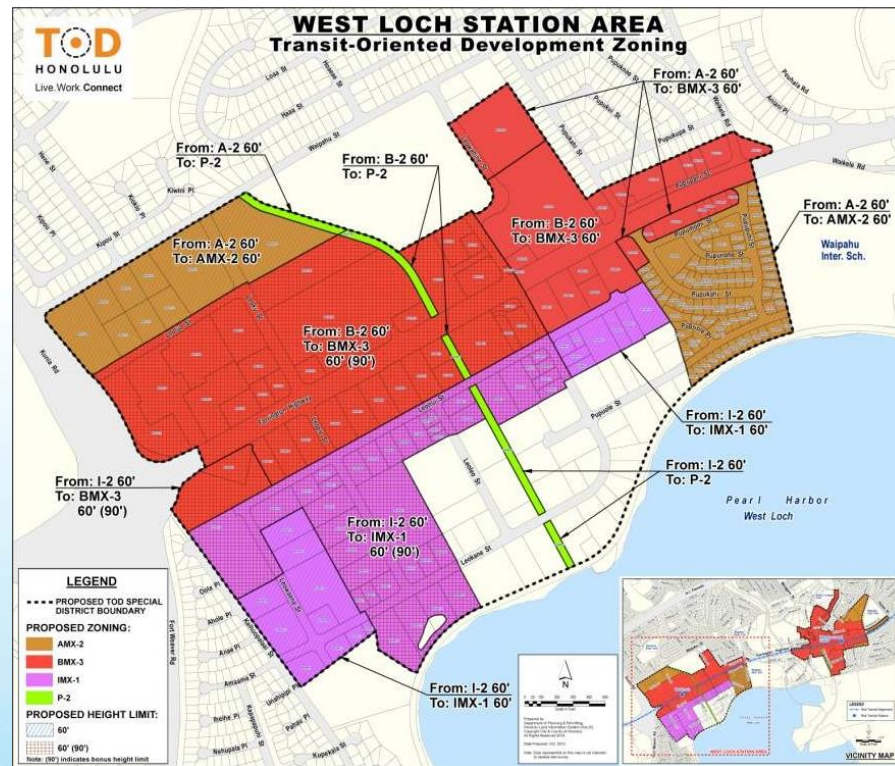


# TOD Zoning and Entitlements

- Interim Planned Development – Transit Permit (IPD-T)
  - Flexible permit to facilitate catalytic TOD projects prior to adoption of TOD zoning
  - 5 projects approved to date
- TOD Special District Overlay
  - Design standards for site layout and ground-floor buildings
  - Reduced vehicular parking
  - Additional height and density in exchange for community benefits: affordable housing, parks, multimodal connectivity improvements
  - Adopted for entire rail corridor (applies only where zoning adopted)

# TOD Zoning

- TOD Zoning Changes
  - Allows for mixed land uses: AMX, BMX, IMX
  - For all station areas (except HCDA) following adoption of the neighborhood TOD plans
  - Waipahu zoning adopted

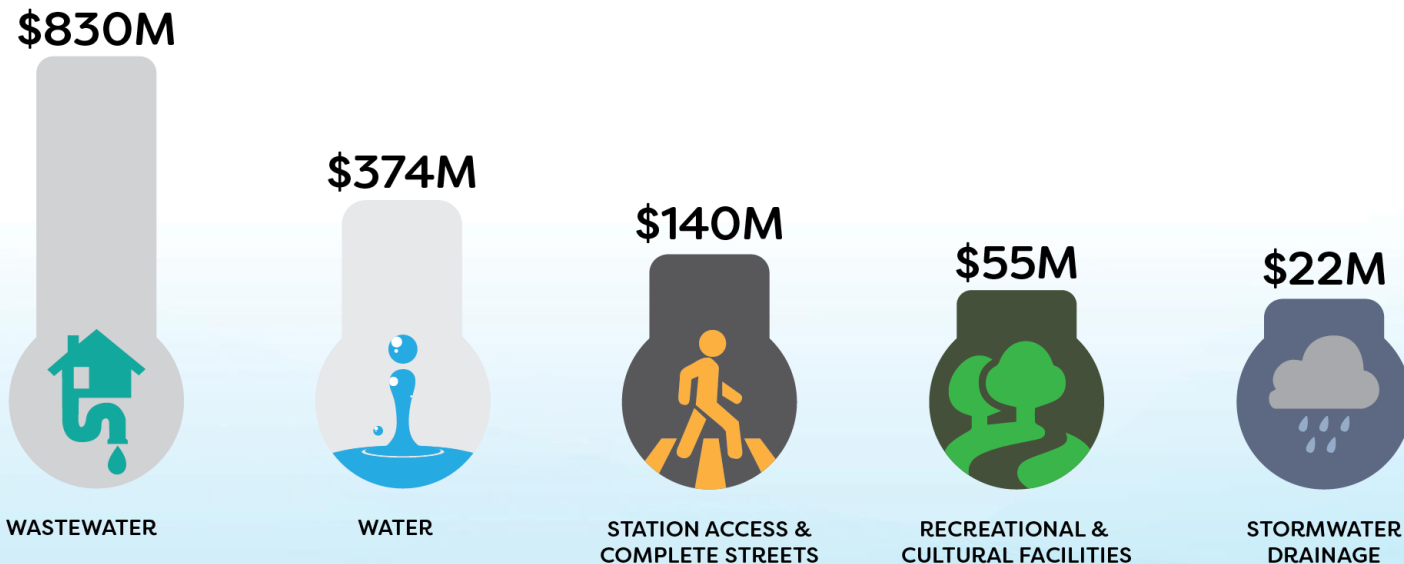




# TOD Housing Potential



# TOD Infrastructure Investments

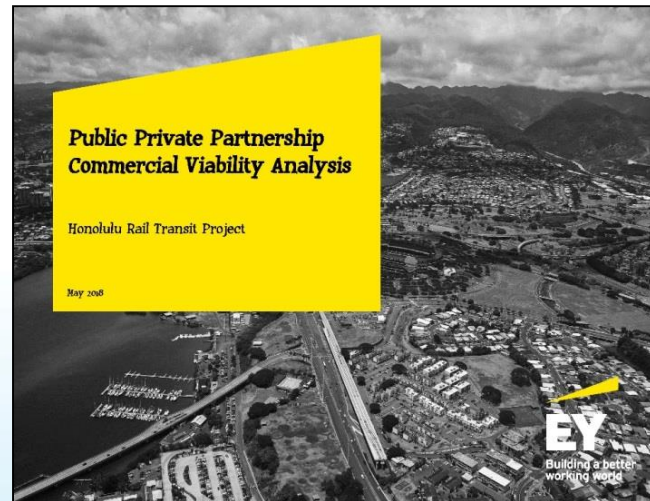


**\$1.5 billion in planned TOD infrastructure investments**  
(as of November, 2017)



# TOD Revenue Analysis

- Real Estate and Ancillary Revenue study conducted as part of the Rail P3 Feasibility Analysis
  - Goal to determine if P3 industry would want TOD opportunities in a rail infrastructure RFP
  - Assess how much revenue could be generated to contribute to rail system O&M costs



# TOD Revenue Analysis – Key Questions

- What are the **likely near-term sites** for transit-oriented development (TOD) along the rail line?
- What is the **potential value of near-term TOD** opportunities on HART-acquired and City-owned sites adjacent to the Project?
- What is the **total value of future TOD** opportunities and what is the timeline for this revenue?
- What is the **potential value of ancillary revenue** opportunities related to the Project?
- What is the **best implementation approach** from a procurement perspective? Is this suited to a single master plan contract or should sites be leased individually?



Source: HR&A Advisors



# TOD Site Analysis

**SITE PROFILE** | Overall, the City owns the majority of the sites, some of which are not “TOD” (within ½ mile of a station area). HART-owned sites consist generally of excess land around station areas that were originally acquired for a transit purpose, or they had to buy-out land owner.



Included city properties outside of TOD area; some that may be dedicated to affordable housing, or may not be appropriate for development. Source: HR&A Advisors.

# Conceptual Ground Lease Development

## West Loch\*

Mid-rise Residential  
5-6 stories  
Podium Construction



## Pearlridge\*\*

Mid-rise Residential  
7-8 stories  
Type II Construction



## Chinatown\*

Mid-rise Residential  
8 stories  
Type II Construction



## Civic Center\*

Residential Towers  
12-30+ stories  
Type II Construction



## Kaka'ako\*

Residential Towers  
12-30+ stories  
Type II Construction



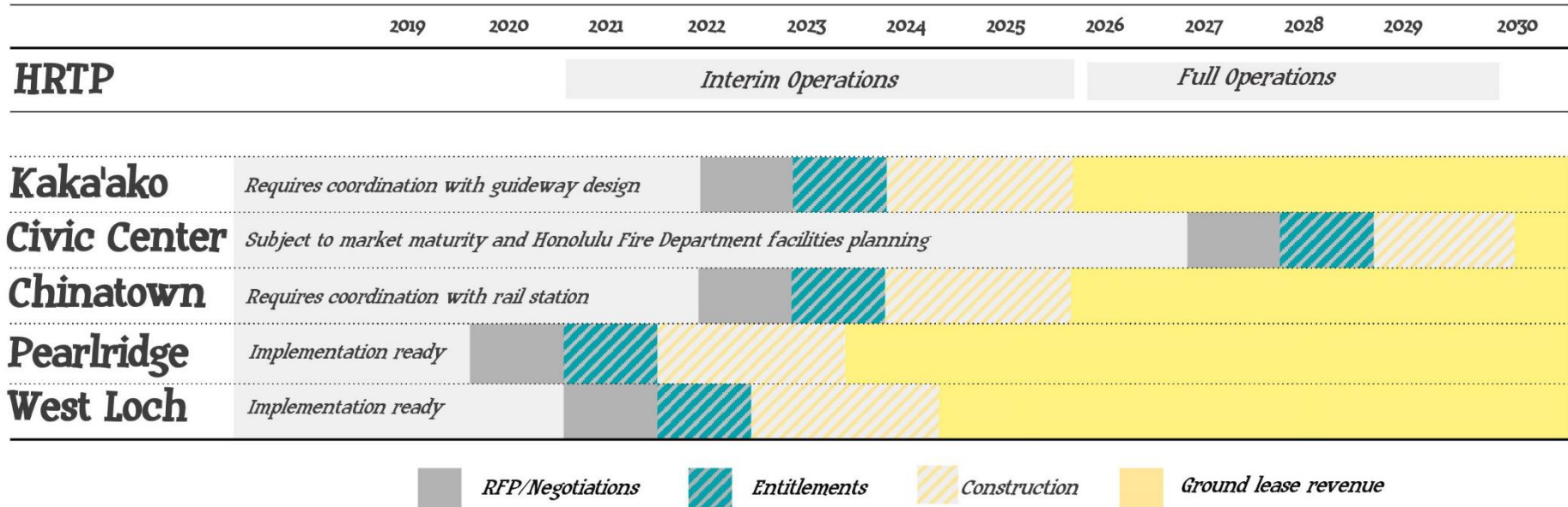
\* Images of prototypes for illustrative purposes only. Source: HR&A Advisors

\*\* Massing studies prepared by architects for specific TOD sites.



# Potential Timing of Ground Lease Payments

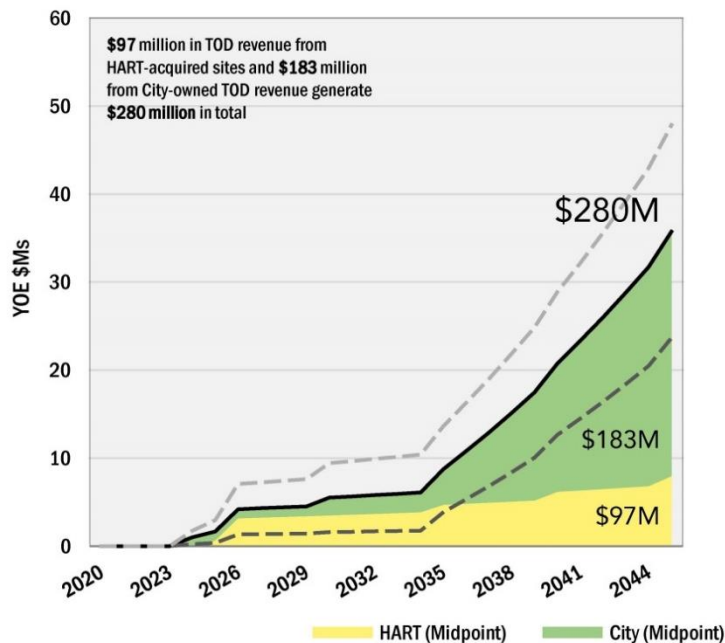
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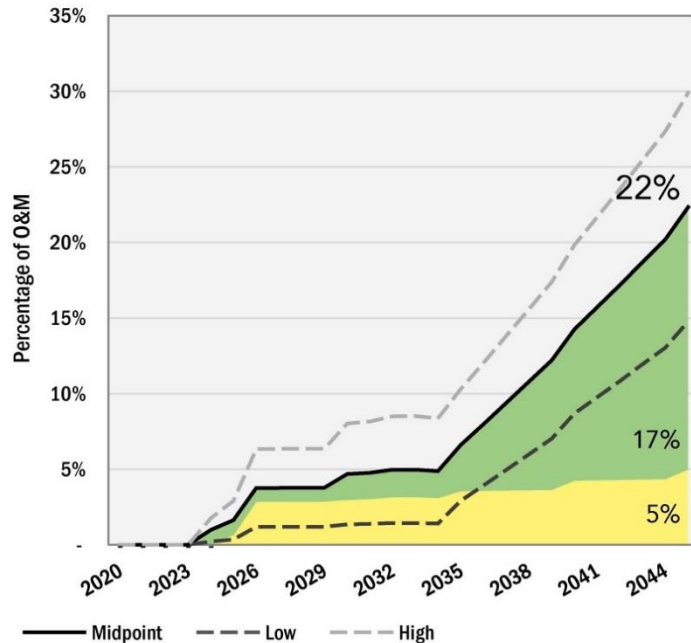
Source: HR&A Advisors

# Ground Lease Revenue Potential

**Revenue Potential**



**O&M Impact**



**NOTES:** (1) (1) Refers to sites originally acquired by HART for a transit purpose. Revenue from these sites is assumed to be available for HART system O&M costs. (2) For sites with residential uses, assumes Bill 58-mandated affordable housing requirement is met on-site. Potential revenue from Ted Makalela golf course site excluded from the total shown here. (3) Annual ground lease payment amounts are assumed to inflate at 2.5% per year, but have not been periodically rebased to take into account increases in land value over the analysis period. (4) Percentage is based on current dollar system O&M cost of \$111M (2026).

Source: HR&A Advisors

# Ancillary Revenue Streams

## Advertising/Sponsorships



## Concessions



Source: HR&A Advisors



# Ancillary Revenue Streams

## Right-of-way Leasing



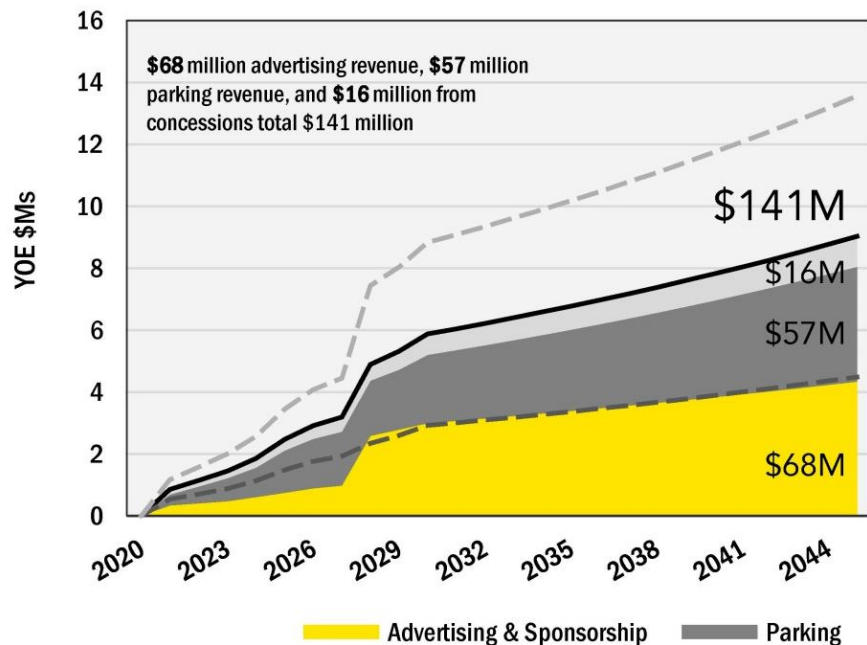
## Parking



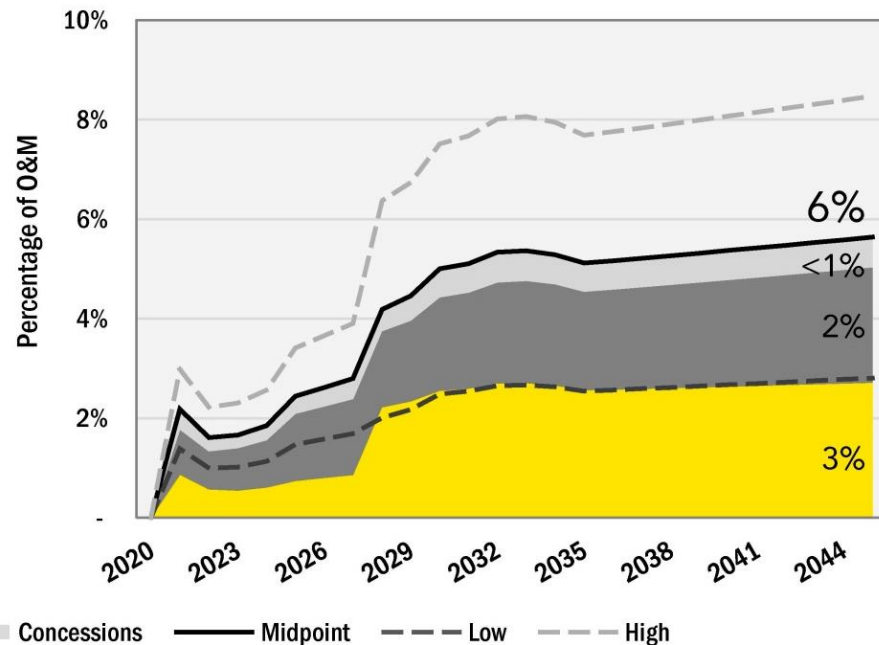
Source: HR&A Advisors

# Ancillary Revenue Potential

## Revenue Potential



## Impact on O&M Funding



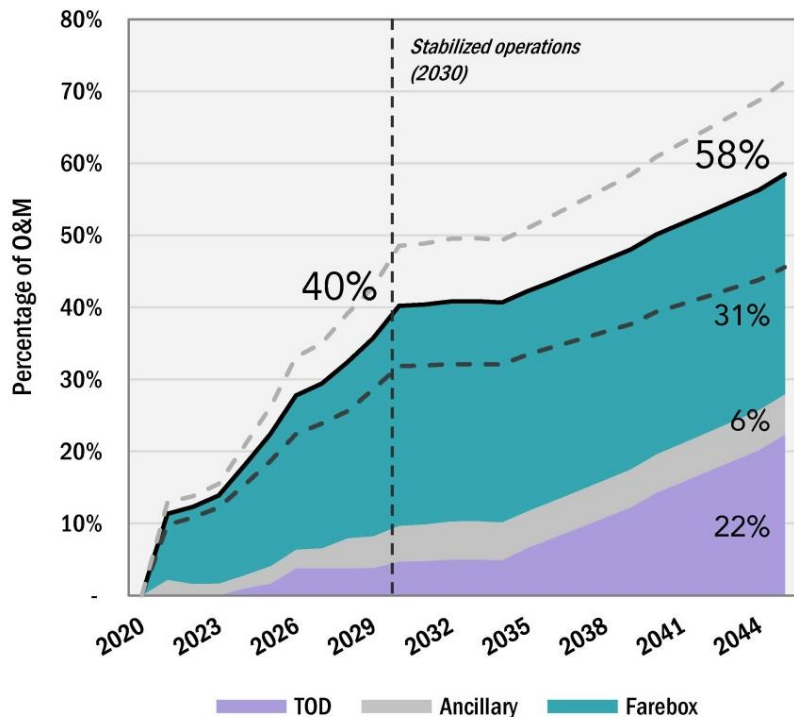
Based on HR&A Advisor estimates of ancillary revenues for the HRTTP

NOTE: Percentage is based on current dollar system O&M cost of \$111M (2026).

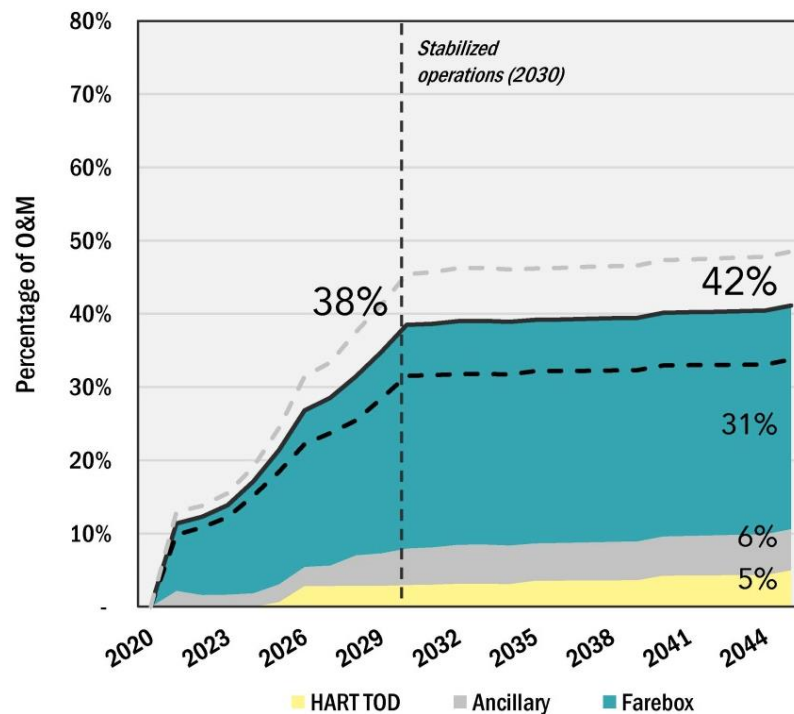
Source: HR&A Advisors

# Total Revenue Potential

**Total Impact on O&M Funding**






**Likely Impact on O&M Funding**



Source: HR&A Advisors



# Implementation Methods

	<i>Type of Asset</i>	<i>Process</i>	<i>Timeline</i>
<b>Request for Proposals</b> 	Individual sites with near-term development potential	Follows existing in-house solicitation and selection process, augmented by on-call consultants	As early as 2020 for some of the high-priority sites previously identified
<b>Brokerage &amp; Concessions Management Service</b> 	Retail and park-and-ride concessions; smaller TOD sites with varied development potential	Requires procurement of a management team with integrated capabilities to perform asset inventory, marketing, RFP support, and leasing services	During interim operations to capture early ancillary revenue opportunities; leasing of TOD sites can be added later to scope of services as market conditions warrant
<b>Master Developer Agreement</b> 	Sites large enough (> 20 ac) to attract long-term developer	May involve a two-step RFQ/RFP process depending on the scale of the development.	Likely in the long term for large-scale sites, after additional planning and stakeholder outreach has been performed

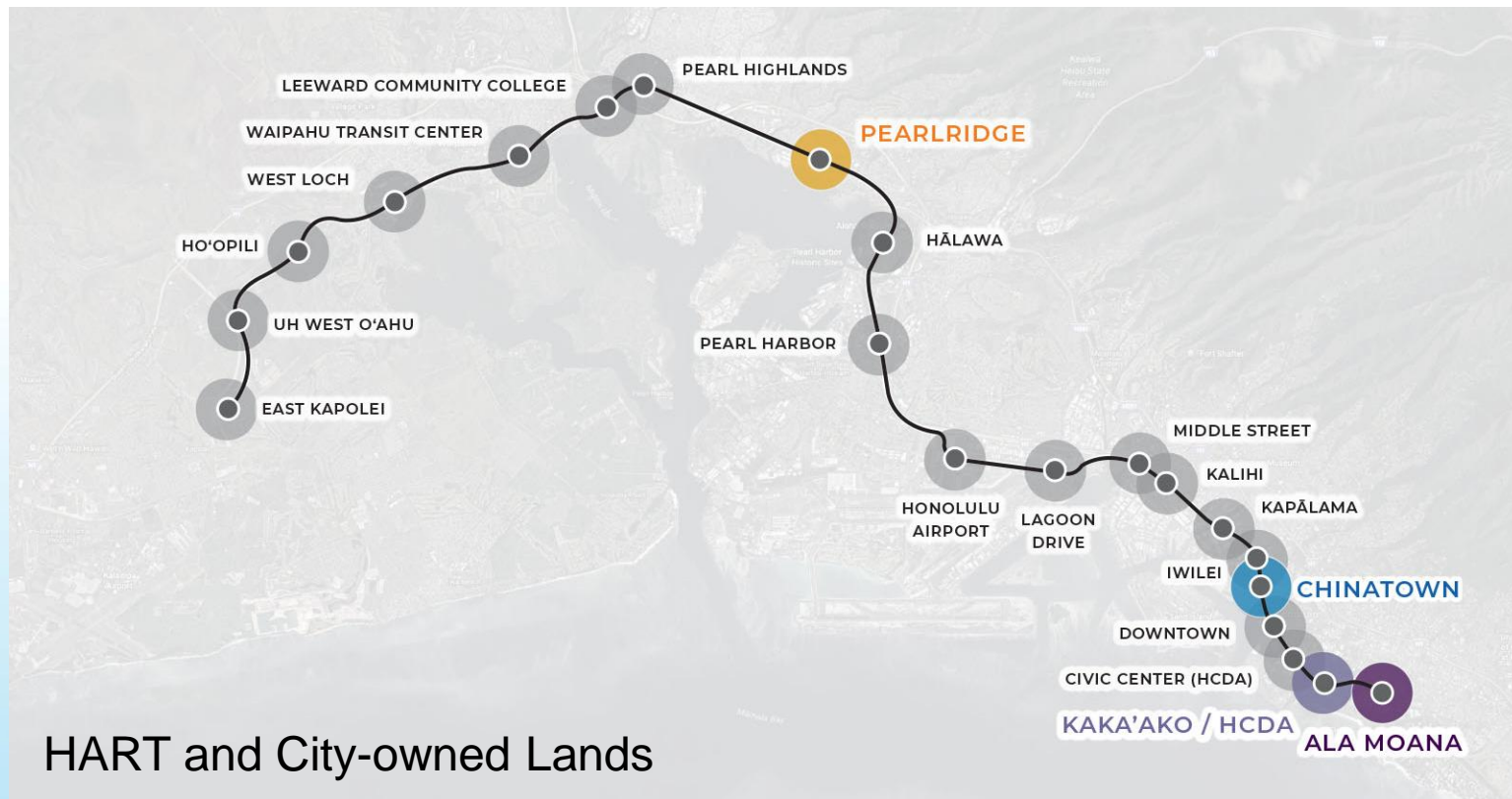
Source: HR&A Advisors

# Summary of Findings

<b>Likely sites for development</b>	<ul style="list-style-type: none"> <li>• Kalauao (Pearlridge) and Ho‘ae‘ae (West Loch) are both market and implementation ready</li> <li>• Kaka‘ako and Chinatown need coordination with rail to maximize early revenue opportunities</li> <li>• Civic Center needs infrastructure and/or market timing</li> </ul>
<b>Ground Lease</b>	<ul style="list-style-type: none"> <li>• HART/City revenue between \$4-8 million (\$YOE) annually from 2026-2045</li> <li>• Approximately \$280 million (YOE\$) over 25 years</li> </ul>
<b>Ancillary Revenues</b>	<ul style="list-style-type: none"> <li>• Could generate up to 6% of system O&amp;M costs.</li> </ul>
<b>Implementation</b>	<ul style="list-style-type: none"> <li>• Combination of RFP solicitations, integrated asset manager, and master developer agreements</li> </ul>

Source: HR&A Advisors

# Near-term TOD Opportunities



HART and City-owned Lands

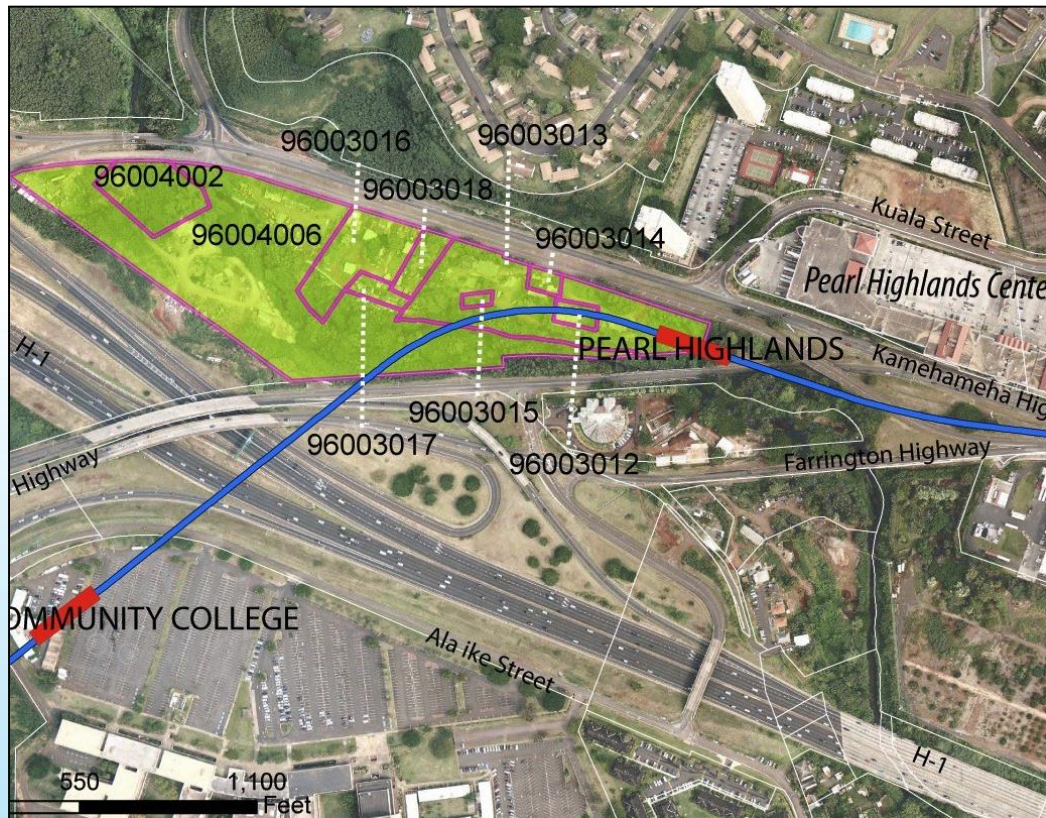


# Waiawa (Pearl Highlands)





# Waiawa (Pearl Highlands)

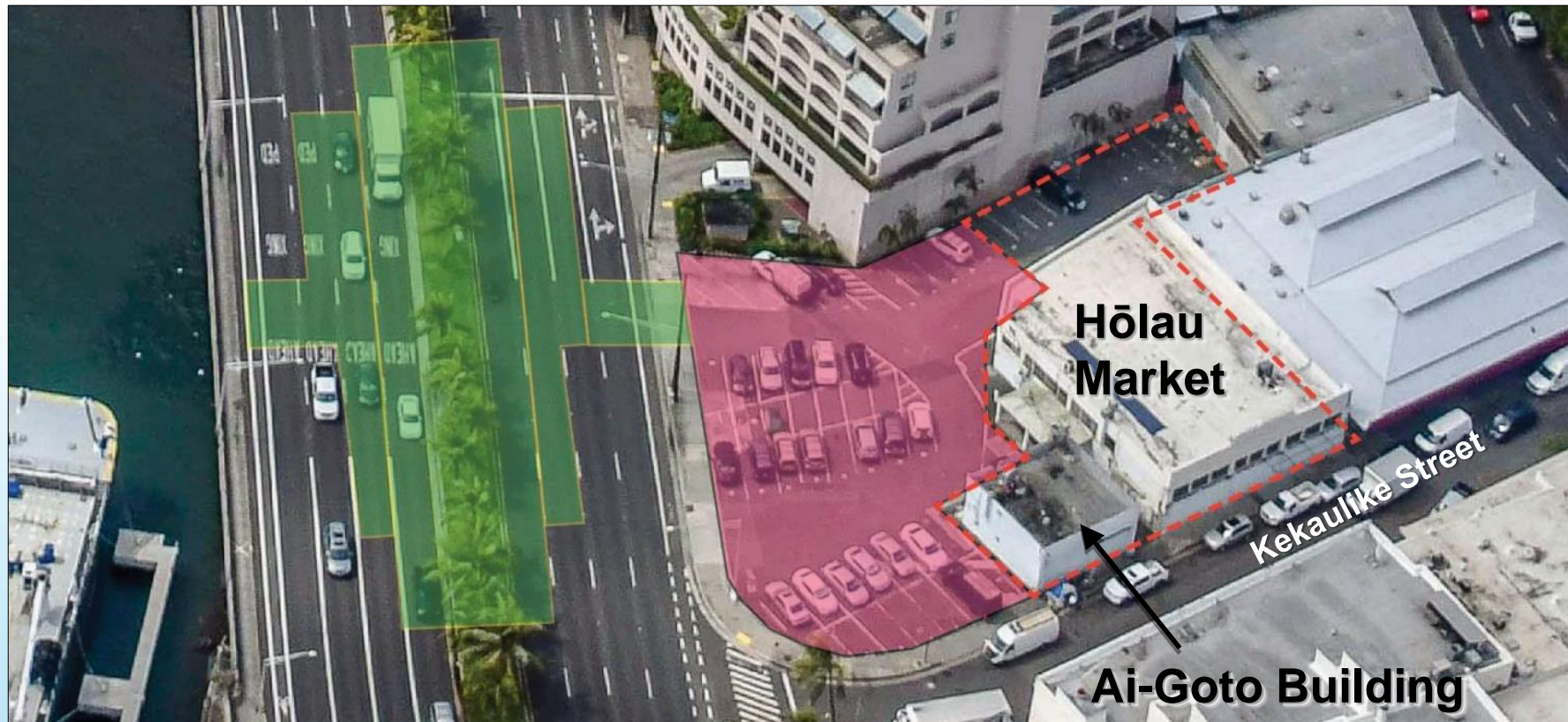


<b>Ownership</b>	<b>HART (City)</b>
<b>Neighborhood Type</b>	Regional Retail, Residential, Educational
<b>Development Opportunities</b>	<ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Outdoor Recreation</li> <li>• Utilities/Communication</li> </ul>
<b>Height Limit (Zoning)</b>	<b>25' (AG-2)</b>
<b>Land Area</b>	<b>16.6 acres (5-6 acres developable)</b>
<b>Station Features</b>	<ul style="list-style-type: none"> <li>• Bus transit center (future)</li> <li>• 1600-space parking garage (future)</li> <li>• Freeway access ramp (future)</li> </ul>





# Chinatown Station





# Chinatown Station

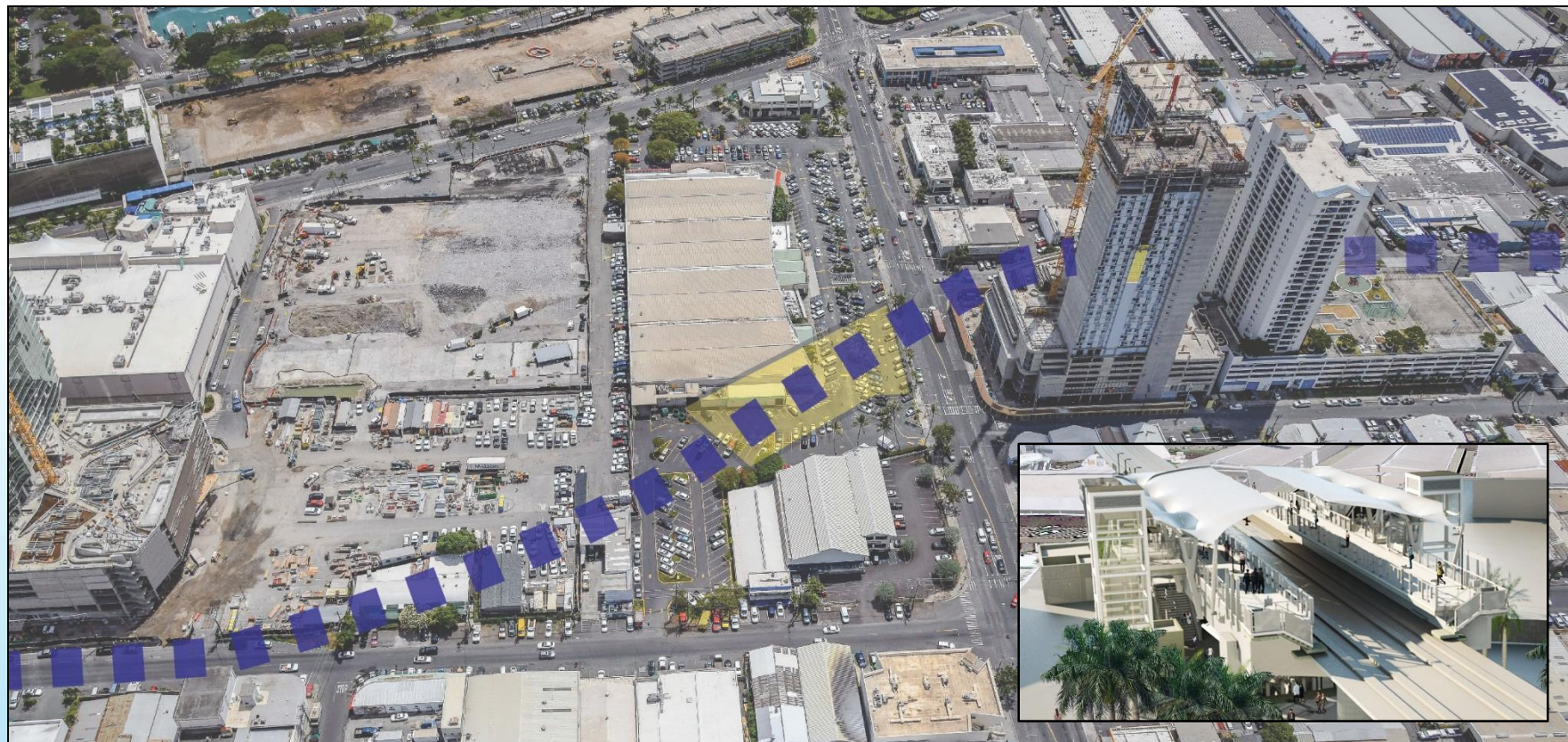


<b>Ownership</b>	<b>HART (City)</b>
<b>Neighborhood Type</b>	Historic District, Retail, High-Rise Residential & Office, Harborfront
<b>Development Opportunities</b>	<ul style="list-style-type: none"> <li>• Multifamily Residential</li> <li>• Retail</li> <li>• Office</li> <li>• Connect to City-owned Harbor Village mixed-use development</li> <li>• Reuse of historic Holau Market and Ai Goto buildings</li> </ul>
<b>Height Limit (Zoning)</b>	<b>80' (BMX-4)</b>
<b>Land Area</b>	<b>0.6 acres</b>



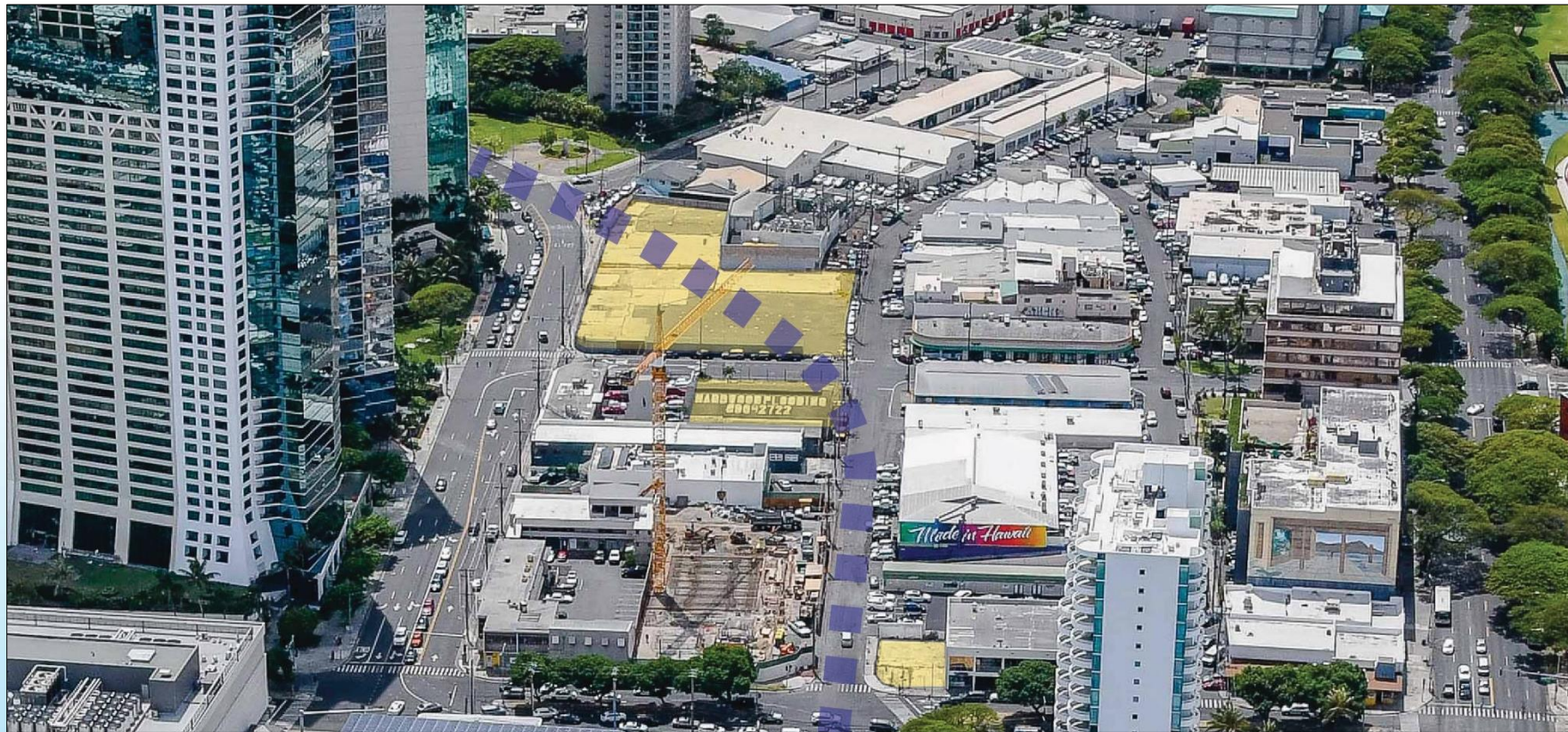


# Kaka'ako Station



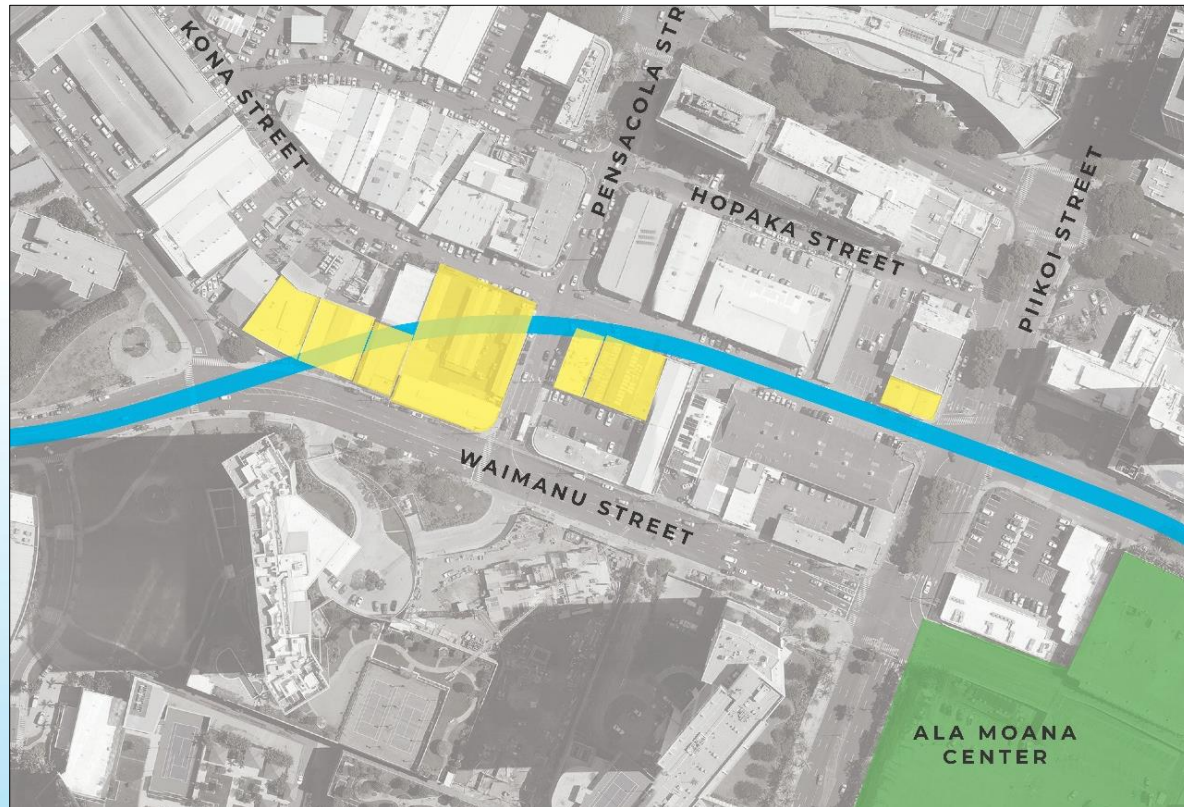


# Waimanu/Pensacola





# Waimanu Street Area



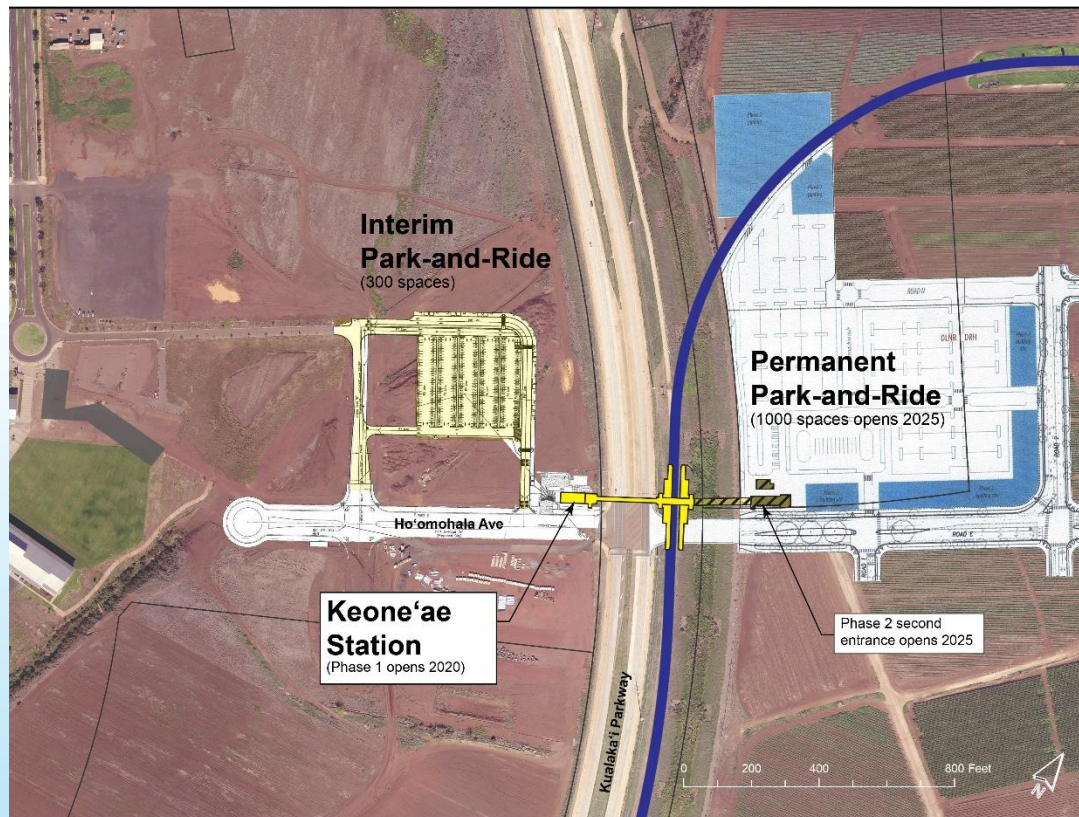
<b>Ownership</b>	<b>HART (City)</b>
<b>Neighborhood Type</b>	Regional Retail, Light Industrial, High-Rise Residential
<b>Development Opportunities</b>	<ul style="list-style-type: none"> <li>• Multifamily Residential</li> <li>• Retail</li> <li>• Office</li> </ul>
<b>Height Limit (Zoning)</b>	<b>400' (HCDA-TOD)</b>
<b>Land Area</b>	<b>1.5 acres</b>

# Other TOD Opportunities





# Keone'ae (UH-West Oahu)



<b>Ownership</b>	State of Hawaii
<b>Neighborhood Type</b>	Residential, Educational, Agricultural, Regional Retail
<b>Development Opportunities</b>	<ul style="list-style-type: none"> <li>• Multifamily Housing</li> <li>• Retail</li> <li>• Office</li> </ul>
<b>Height Limit (Zoning)</b>	60'-90' (TBD)
<b>Land Area</b>	42.6 acres
<b>Station Features</b>	<ul style="list-style-type: none"> <li>• Bus transit center</li> <li>• 1000-space parking lot</li> </ul>





# Ho'ae'ae (West Loch)



<b>Ownership</b>	<b>HART (City)</b>
<b>Neighborhood Type</b>	Retail, Light Industrial
<b>Development Opportunities</b>	<ul style="list-style-type: none"> <li>• Retail</li> <li>• Office</li> <li>• Multifamily Housing</li> </ul>
<b>Height Limit (Zoning)</b>	<b>90' (BMX-3)</b>
<b>Land Area</b>	<b>2 acres</b>





# Kalauao (Pearlridge)





# Kalauao (Pearlridge)



<b>Ownership</b>	<b>City and County of Honolulu (orange)</b> <b>Private (red)</b>
<b>Neighborhood Type</b>	Regional Retail, Residential, Light Industrial, Waterfront
<b>Development Opportunities</b>	<ul style="list-style-type: none"> <li>• Multifamily Housing</li> <li>• Retail</li> <li>• Office</li> </ul>
<b>Height Limit (Zoning)</b>	<b>90' (BMX-3)</b>
<b>Land Area</b>	<b>City (orange): 3.9 acres</b> <b>Private (red): 12+ acres</b>
<b>Station Features</b>	<ul style="list-style-type: none"> <li>• Bus transit center (future)</li> <li>• Waterfront parks &amp; bike trail</li> </ul>



# Lagoon Drive Station



Waiwai Loop  
Development concept



<b>Ownership</b>	<b>HART (City)</b>
<b>Neighborhood Type</b>	Industrial, Light Industrial, Regional Park
<b>Development Opportunities</b>	<ul style="list-style-type: none"> <li>• Office</li> <li>• Light Industrial</li> <li>• Retail</li> </ul>
<b>Height Limit (Zoning)</b>	<b>100'-160' (IMX-1)</b>
<b>Land Area</b>	<b>2.7 acres</b>



# Kalihi Station





# Kalihi Station



<b>Ownership</b>	<b>HART (City)</b>
<b>Neighborhood Type</b>	Retail, Residential, Light Industrial
<b>Development Opportunities</b>	<ul style="list-style-type: none"> <li>• Multifamily Residential</li> <li>• Retail</li> <li>• Office</li> </ul>
<b>Height Limit (Zoning)</b>	<b>90' (BMX-3)</b>
<b>Land Area</b>	<b>1 acre</b>





# Discussion





# Key TOD Takeaways

- Many opportunities to transform the rail station neighborhoods
  - Also State lands; State TOD Strategic Plan
- Single coordinated City-County government for leasing, entitlements, infrastructure, etc.
- Adopted TOD plans, zoning
- TOD infrastructure investment strategy
- Public and policymaker support for TOD policies, projects and improvements
- TOD area properties (whether HART or City owned) may be bundled in a larger package or released individually

# Discussion of possible areas to consider

- Role of HART Board in encouraging catalytic TOD projects
  - Maximize O&M revenue and ridership
- Development of HART-controlled lands
- Expedite decisions on whether and how to incorporate future TOD-ready infrastructure or unfinished space with respect to City Center Request for Proposals
- Integrate HART station designs with adjacent development
- Explore potential for improved station placemaking and activity (retail kiosks and on-site amenities/activities) coordinated with adjacent properties
- Continue current coordination with City and State multimodal integration projects to better link travelers with nearby development and neighborhoods



# Timeline

<b>December 2018</b>	<ul style="list-style-type: none"><li>• Identify what stations (if any) to include as options in City Center P3 RFP (both TOD-ready infrastructure and station improvements for future concessions)</li><li>• Finalize HART TOD Policy</li></ul>
<b>April 2019</b>	<ul style="list-style-type: none"><li>• Look at potential for station improvements, connectivity, and concessions at existing stations</li></ul>
<b>Ongoing</b>	<ul style="list-style-type: none"><li>• Work with City on how to develop and improve other sites: individual RFPs, master development agreement, and brokerage/concession management services.</li></ul>

# For more information



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# Mahalo!





